



Department of Ecology

2005-07 Operating Budget

Ecology's 2005-07 operating budget reflects a sustained commitment to environmental priorities. The total proposal is approximately \$371 million; \$15 million is for investments in new or expanded activities and, of that, less than \$4 million is requested from the State General Fund.

The agency began the budget building process recognizing that funding for certain activities directed by the 2004 Legislature needed to continue into the new biennium; so there is included in Ecology's proposal \$4 million for shoreline master plan updates; \$395,000 for the wetland banking pilot rule; and \$2.3 million for construction and industrial stormwater permits.

The majority of Ecology's funding is from dedicated revenues for specific environmental purposes. For the 2005-07 biennium, the agency anticipates new revenues generated from stormwater permit fees (pursuant to last session's SB 6415) and additional revenue to the State Toxics Control Account (due largely to increasing oil prices). The budget also proposes a number of fund shifts to manage within available revenues. The Water Quality Account in particular has more demands on it than can be supported from the current fund balance. Therefore, Ecology's Capital budget will include a request of approximately \$12 million from the State Building Construction Account in order to be able to support on-going natural resource agency activities. Requests for State General Fund money are only made where the work is of the highest priority and no other fund source is available.

The agency will spend these funds to address ongoing and emerging needs, such as water for local communities and healthy watersheds, moving beyond waste generation management by investing more in waste prevention, and reducing health risk from toxic chemicals.

Water for Local Communities and Healthy Watersheds

Public demands for cool, clean, and adequate water have never been greater. Drought conditions highlight the need to better manage this vital resource. Water quality impacts are seen statewide and are acute in Hood Canal, Puget Sound, and rivers like the Columbia and Spokane. Watershed planning is a tool created by the Legislature to help solve these issues on a local watershed basis.

Ecology has supported watershed planning for six years, and it is imperative that investments in watershed planning continue, as most plans are scheduled to be completed over the next few years. Completed plans will show returns as they move into the implementation phase; the first few plans are already calling for considerably more work at the state and local level to realize those returns. In response, Ecology continues to develop and deliver services in direct support of these locally based initiatives.

In the 2005-07 biennium, Watershed Planning Units will be working in both plan development and plan implementation phases (Phases 3 and 4). Ecology's Watershed Leads will continue to be a part of the core interagency teams helping deliver state support for locally developed watershed plans. Specific work will vary from watershed to watershed, depending on local plan outcomes.

Ecology will continue to organize and deliver its program services at the watershed scale. Ecology will tailor direct support to watersheds consistent with recommendations coming out of local plans. The proposed budget is designed to ensure Ecology has the capacity to provide this direct support.

Ensuring Adequate Water Supply

Fund Shift to Sustain Activities for Water Acquisition and Conservation ~ \$949,000 from the Water Quality Account ~ This appropriation is requested to support local watershed planning efforts and to set, achieve, and restore stream flows through water acquisition and conservation, while assuring adequate water supplies for people and farms. It replaces approximately the same amount as the 03-05 appropriations, which were from the State Drought Preparedness Account and the State/Local Revolving Account (Referendum 38), and were one-time fund sources that cannot sustain this important work in the 2005-07 biennium.

Statewide Streamflow Gauging ~ \$556,000 from the State General Fund, \$1.46 million from the Water Quality Account, offset by a decrease of (\$707,000) from the Drought Preparedness Account, and 3 FTEs ~ This money will be used to provide critical data in our work to achieve, restore, and protect water supplies for people, fish, and farms, and support local watershed planning efforts. A combination of one-time fund sources that primarily fund Ecology's stream gauging network (over 90 continuous, near-real-time streamflow gauges and over 30 manual staff gauges in 11 salmon critical watersheds) are expiring. The \$1.46 million from the Water Quality Account will replace the expiring fund sources to continue the generation of streamflow data that support a full range of water management activities necessary for local and regional decision making. \$556,000 from the State General Fund is to add 10 new gauges per year in high-priority watersheds.

Spokane/Rathdrum Aquifer Study ~ \$300,000 from the State General Fund ~ Proposals for withdrawing groundwater from the Spokane aquifer have caused concern about whether there is sufficient water available for future development in Washington and Idaho. Following interstate discussions, the two states and federal government agreed to initiate a study of the aquifer to determine whether water remains available for additional uses, with a total budget of about \$3.5 million. Ecology's Fiscal Year 05 appropriation was \$100,000, and the \$300,000 contribution from this proposal will assure Washington continues to have influence over the design and conduct of the study.

Modernize Water Resource Management ~ \$2.06 million from the State General Fund and 8.5 FTEs ~ Ecology currently lacks sufficient capacity in its water resources management system to effectively implement emerging local watershed plans. This money will be used for additional compliance, water metering, water right mapping and imaging, and water conservation activities. The 2004 Legislature created the Water Resources Administration and Funding Task Force to develop recommended funding options for the state's water resources programs. The recommended funding options are due to the Governor and the Fiscal Committees of the Legislature December 15th and may provide possible alternative fund sources rather than continuing State General Fund support for these efforts in the future.

Columbia River Initiative ~ \$ amount yet to be determined from the State General Fund ~ A placeholder request is being made so that funding will be available to pursue and implement the Governor's Columbia River Initiative. Essentially, funding will be needed to acquire water from storage and willing sellers for placement in a water account for the river mainstem. The majority of costs will be in the capital budget, however, operating costs will be needed to manage water acquisition and the water account, process water rights on the mainstem, and ensure compliance with permit conditions.

Enhance Well Construction Program ~ \$282,000 from the Reclamation Account and 2 FTEs ~ While Ecology pursues statutory and rule changes necessary to increase fees and ensure that wells are properly drilled, additional revenue and appropriation authority is necessary to: increase revenue transfers to local governments that perform well construction inspections; delegate inspections to

additional counties; increase inspection rates on new wells; and improve and maintain well construction data systems.

Maintaining Water Quality

Municipal Stormwater Permits ~ \$1.46 million from the Water Quality Permit Fee Account and 7.5 FTEs ~ Ecology is getting ready to implement Phase II regulations of the federal Clean Water Act, which require the agency to issue stormwater permits to over 100 municipalities. Ecology will use the appropriation from the Water Quality Permit Fee Account to hire staff and support these smaller jurisdictions with implementing the permit requirements through technical assistance, education and outreach, and compliance oversight. New revenue from permit fees will fully cover this appropriation.

Water Quality Certifications ~ \$610,000 from the State General Fund and 3 FTEs ~ In one of four regional offices, Ecology initiated a "90-90-10" pilot for improving permit processing accountability and timelines for 401 water quality certifications. This money will be used to expand the pilot statewide, resulting in 90% of routine certifications occurring within 90 days of application, and acknowledgement of receipt of the application being sent within 10 days.

Moving Beyond Waste: Investing in Prevention

Despite being a national leader in recycling and waste management, Washington's waste is on the rise - with ever-growing costs to human health, the environment, state and local budgets, and business's bottom line. Solid and Hazardous Waste management programs historically have focused on regulating the waste stream and cleaning up waste sites. Working closely with local governments and other stakeholders, Ecology is in the final steps of updating both the hazardous waste plan and solid waste plan. These updated plans will combine to form the "Beyond Waste" plan, which will steer Washington toward greater prevention of waste and pollution. The budget proposes to increase funding in support of these efforts to prevent wastes from being created in the first place.

Moving Beyond Waste

Implement State Waste Plan ~ \$3.35 million from the Waste Reduction/Recycling/Litter Control, State Toxics Control Account, and the Hazardous Waste Assistance Account, and 11 FTE ~ The "Beyond Waste" plan will focus on: reducing the amount of toxic chemicals generated and used; utilizing more efficient and effective building materials; improving management of organic and construction wastes; and partnering with businesses and industries to both lower operating costs for business and reduce the use, generation and disposal of toxics materials. To implement the Beyond Waste plan, Ecology will use \$3.35 million in new funding from three dedicated accounts.

Reducing Health Risk from Toxic Chemicals

The primary fund source for managing wastes and dealing with toxic chemicals in the environment was established in the Model Toxics Control Act passed by Initiative in 1988. This Act created a tax on hazardous substances, primarily petroleum based products. The tax is distributed into two accounts: the State Toxics Control Account (47%) and the Local Toxics Control Account (53%).

Given the tax is tied to petroleum products (i.e. the price of oil) historically revenues have been extremely variable. Oil prices fell as low as \$10 per barrel in 1998 requiring budget reductions to Toxic Account support programs. As a result of this volatility, Ecology implemented a strategy to manage the Toxics Accounts by capping expenditures for on-going costs (primarily staff costs) at a

level that is supported by revenue at least 80% of the time. Revenue above the capped amount has been used for one-time projects, primarily cleaning-up additional toxic waste sites.

Since 1998, oil prices have climbed to a more steady condition, at or above \$35 dollars per barrel and, more recently, to over \$45 per barrel. For the 2005-07 biennium, this means there is enough capacity within the State Toxics Control Account to shift hazardous waste information activities back to the Account. In 1998, these activities were shifted to another fund source (Worker Community Right to Know Account), which no longer has the fund balance to support these activities.

Further, the money available for one-time projects is anticipated to increase. The budget proposal is based on the June 2004 forecast which will allow for the one-time projects in the Beyond Waste plan noted above to be funded from the State Toxics Control Account. Also, it is expected that the September forecast will increase allowing more toxic site cleanups to be funded than is requested in this proposal.

The budget proposal includes the following items that either continue or expand Ecology's ability to reduce health risks from Toxics Chemicals. All of these items are funded from Toxic Accounts with the exception of 2 items: Reduce Health Risk from Diesel Soot and Continue Marine Sediment monitoring.

Sharing Information about Health Risks

Community Right to Know Fund Shift ~ \$1.43 million from the Worker/Community Right to Know Account (WCRTKA) to the State Toxics Control Account (STCA) ~ Ecology will shift the funding of \$1.43 million WCRTKA activities - hazardous waste community education, information and data management - from the WCRTKA to the STCA, ensuring these activities continue, and providing for sustainable appropriations from the WCRTKA in the future.

Getting Toxic Chemicals out of the Environment

Methamphetamine Lab Cleanup Fund Shift ~ \$4.06 million transfer from the Local Toxics Control Account (LTCA) to the State Toxics Control Account (STCA) ~ For the past two biennia, methamphetamine cleanup has been funded by a fund transfer from the LTCA to the STCA. To continue the current level of service, and consistent with the 03-05 biennium, \$4.06 million will be transferred from the LTCA to the STCA.

Reduce Health Risk from Diesel Soot ~ \$4 million from the Air Pollution Control Account and 1 FTE ~ By proposing Legislation to use more of the motor vehicle title transfer revenue in the long-term, the voluntary incentive program that reduces pollution and public health risk from diesel school buses will be expanded to include all public sector diesel equipment.

Reduce PBTs in the Environment ~ \$867,000 from the State Toxics Control Account (STCA) and 2.9 FTEs ~ Most sources of funding for implementing Ecology's strategy to reduce persistent bioaccumulative toxins (PBTs) in the environment expire at the end of the 03-05 biennium. Additional money from the STCA will allow Ecology to continue implementation of this important strategy.

Clean Up Toxic Sites ~ \$538,000 from the State Toxics Control Account (STCA) ~ With oil prices at record highs, \$538,000 from the STCA and any new revenue in subsequent revenue projections will allow Ecology to cleanup more recalcitrant or orphan contaminated sites, while maintaining core activities funded out of this account. Ecology has identified \$15 million in toxic cleanup projects that are ready to proceed.

Enhance Voluntary Cleanups ~ \$270,000 from the State Toxics Control Account and 3 FTEs ~ By sheer number, most cleanups of toxic waste sites are accomplished through the Voluntary Cleanup program. Approximately 40% of Ecology's costs associated with voluntary cleanup of toxic waste sites are paid for by the entity initiating the cleanup, so by reprioritizing existing cleanup dollars, the agency will generate additional revenue that will be used to meet the increasing demand for this important cleanup work.

Continue Marine Sediment Monitoring ~ \$397,000 from the State General Fund ~ Federal funding sources to maintain a network for monitoring marine sediments will be eliminated at the end of the 03-05 biennium. This data informs a wide range of environmental, public health, and local land-use decisions. Replacement funding from the State General Fund will allow Ecology to continue this effort.